

The Treasury Note



A monthly newsletter
of municipal finance

October 1, 1996

CDAC Changes Name

Acting on changes recommended by a task force in the wake of the Orange County bankruptcy, the California Debt Advisory Commission (CDAC), the state's clearinghouse for information on public debt issuance, will have new responsibilities and a new name effective January 1, 1997.

Assembly Bill 1197, which was signed into law on September 24, renames CDAC as the California Debt and *Investment* Advisory Commission. The Commission's duties have been expanded to include a continuing education program for local officials who are involved in municipal investments. The Commission has already initiated the program, producing a video for elected officials on investment oversight and a seminar on investing fundamentals for public officials.

The bill also abolishes two government programs, including the Housing Bond Credit Committee, whose responsibilities will be assigned to the California Housing Finance Agency (CHFA), and the Local Agency Indebtedness Fund Loan Program. The housing bond committee was established by the Legislature to supervise CHFA's revenue bond proposals. However, the committee never disapproved a bond and CHFA never defaulted on its obligations, and a 1994 Price Waterhouse LLP study concluded that since CHFA bonds are not secured by the credit of the state, an oversight agency was not necessary.

Refunding Saves \$6 Million

The State Treasurer took advantage of a small window amidst a deteriorating municipal market on September 13 by selling two series of State Public Works Board lease purchase refunding bonds totaling \$173 million. The sales saved the state more than \$6 million of interest cost in today's money.

California Recovery Continues

The State Department of Finance and the UCLA business forecast recently indicated that California's economy continues to grow at a healthy pace. Nonfarm employment was up more than 380,000 above a year ago in July. Total nonfarm employment in June reached an all-time high of 12,770,000. July's consumer confidence was the highest in six years.

There are indications that home prices in Los Angeles area have "bottomed-out." Office vacancy rates continue to tumble across the state. According to CB Commercial Real Estate, vacancy rates in all Northern California metro areas are below the national average of 13.1 percent, including readings of 6.5 percent in San Francisco, 7.7 percent in San Jose, 9.9 percent in Sacramento and 10.3 percent in the Oakland-East Bay area. In Southern California, while vacancy rates remain above the US figure, most areas saw declines of two percentage points or more over the past year.

Trust Services Changes Name

Recently, the Trust Services Division in the State Treasurer's office (STO) changed its name to the Public Finance Division. Also, organizational units within the Division changed their names as follows: the Trustee Administration and Research Section has become the Debt Issuance Section; the Bond Loan and Cash Management Section has become the Interim Finance Section; the Bond Services Section has become the Bondholder Services Section; and the Deposit Section has become the Securities Clearance Section.

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Ask the State Treasurer

Q: How do I reregister my bond?

A: Reregistering your bond depends upon the circumstances surrounding your request. For example, a transfer of a certificate from your name to another party simply requires you to sign the Bond Assignment on the back of the bond. Your signature must also have a Medallion Guarantee to be valid.

Please call the Bondholder Services Section at (916) 653-2884 for specific information regarding the reregistration of your bond.

Q: Why should I register and insure my bond when I mail it to your office for redemption?

A: Although we recommend that you register and insure your bond when mailing it to our office for redemption, you are not legally required to do so. However, if your bond is lost in the mail, you are required by law to purchase a surety bond before we can issue a replacement certificate. The cost of a surety bond varies depending on the insurance carrier. You must decide which mailing method meets your needs.

The Treasury Note Mailing List

If you would like to be on the mailing list to receive *The Treasury Note* monthly, please send your name and address to the Investor Relations Program at the address on the previous page.

Listing of Redemptions

This listing reflects redemptions officially announced as of October 1, 1996. These bonds will be redeemed on November 1, 1996.

State Public Works Board Lease Revenue Bonds (Department of Corrections), 1986 Series A (State Prison-Amador County) (Partial redemption)
\$87,250,000 due November 1, 1999 and 2005 will be redeemed.

Trustees of the California State University Housing System Revenue Bonds, Series AD (Full redemption)
\$10,450,000 due November 1, 1997 through 2015 will be redeemed.

Trustees of the California State University Housing System Revenue Bonds, Series AE (Full redemption)
\$1,615,000 due November 1, 1997 through 2016 will be redeemed.

California State University, San Jose State University Student Union Revenue Bonds, Series B (Full redemption)
\$17,125,000 due November 1, 1997 through 2016 will be redeemed.

If you have any questions regarding the purpose or timing of these calls, please call (916) 653-3451. For redemption payment or registration information, please call (916) 653-2884.

Bond Sales Calendar*

If you are interested in purchasing any of these bonds, please contact your broker about two weeks before the sale date. For updated information regarding sales dates, please contact the State Treasurer's office at (916) 653-3243.

| BOND SALES | AMOUNT in millions | SALE DATE |
|---|-------------------------------|------------------|
| California State University-Student Unions & Housing | \$17 | October 1, 1996 |
| General Obligation Bonds | \$600 | October 22, 1996 |
| San Francisco State Office Building, JPA Lease Purchase Revenue Bonds | \$321 | November 1996 |
| Department of Water Resources, Central Valley Project | \$130 | December 1996 |
| California State University-Student Union | \$7 | December 1996 |
| Department of Veterans Affairs, Home Purchase Revenue Bonds | \$100 | January 1997 |
| Oakland State Office Building, JPA Lease Purchase Revenue Bonds | \$175 | Spring 1997 |
| State Public Works Board, California Museum of Science and Industry, Lease Purchase Revenue Bonds | \$32 | Spring 1997 |

*Subject to change